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ABSTRACT

This report describes key policy decisions that have shaped the New Mexico system of higher education during the past third of a century and links those decisions to current educational outcomes. The study was part of a larger study that aimed at understanding the linkages between policy decisions and higher education performance through comparative case studies of two states in the United States and two states in Mexico. Adding to information from measures developed by the National Center for Public Policy and Higher Education, this study offers data provided by the state and information from interviews with a range of elected and appointed higher education leaders in New Mexico. New Mexico's capacity to manage its higher education institutions is bounded by the constitutional autonomy granted to the six public four-year institutions. There is evidence to suggest that New Mexico governors and legislators have not been very involved in higher education precisely because of the constitutional autonomy granted to the public colleges. Overall, the two elements of fiscal policy, the Lottery Success Scholarship Program and the appropriations process, appear to have encouraged greater affordability, choice, and opportunity for participation in public institutions. Indicators seem to suggest that although fiscal policy encourages and strengthens the existing institutional autonomy, higher education has not produced the outcomes one would expect. New Mexico has obtained reasonable results on access and participation, but case evidence suggests that the low preparation and completion results are at least partly attributable to the performance of New Mexico's higher education institutions. (Contains 2 tables and 21 endnotes.) (SLD)

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New Mexico Case Report:

The State Role in a Climate of Autonomy

By Mario C. Martinez

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January 2002

Organizational Performance and Policy Decisions in the U.S. and Mexico

AIHEPS alliance for international higher education policy studies

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About the AIHEPS Project

The Alliance for International Higher Education Policy Studies (AIHEPS), a collaboration between New York University and the Centro de Investigacion y Estudios Avanzados (CINVESTAV) in Mexico City, was funded in September 1999 by The Ford Foundation to conduct policy research in Mexico and the United States over a three-year period with two primary objectives: (1) to improve comparative understanding of how changes in higher education policies (rules of the game) alter the nature of higher education services produced as well as the conditions under which they are provided; and (2) to serve as a vehicle for training a small cadre of younger policy scholars in both nations. The project is also aimed at building capacity at New York University and CINVESTAV for conducting further policy studies, and making the information available to appropriate policy audiences.

The following questions reflect some of the lines of inquiry the project has pursued:

- Higher education systems operate in very different policy environments as measured by such attributes as constitutional status, federal/state influence, political culture, and executive powers. Are there aspects of the policy environment that seem to be associated with particular performance patterns? Have states attempted to alter their policy environments? Are there particular combinations within policy environments that seem either to facilitate or constrain the capacity of a state to adapt to changes in the external environment?
- Starting from quite different points, states appear to be changing their system designs, their arrangements for collaboration, communication and accountability, and their fiscal policies to incorporate greater emphasis on market mechanisms. How have these changes influenced performance as measured by the indicators conceptualized by the National Center for Public Policy and Higher Education in the U.S. and comparable indicators in Mexican settings? Can aspects of performance be traced to particular configurations of these "rules of the game?"
- Federal governments may play the defining role in a national system of higher education (as in Mexico), or the role of change agent, consumer advocate, and research contractor (as in the U.S.). How are federal roles changing? To what extent are federal roles complementary to those enacted by states? Are there discernible differences in system performance patterns that can reasonably be

related to differences in the "rules of the game" as these are defined and implemented at the federal level?

The AIHEPS project has produced the following products, all of which are or soon will be available in Spanish and English on our web site: http://www.nyu.edu/iesp/aiheps/. Links to these products are also available through the National Center for Public Policy and Higher Education (National Center) and through several sites that are regularly visited by the Mexican audience for these products. Products are written according to a mutually agreed upon framework that facilitates comparative analysis.

- Case reports for the states of Guanajuato, Jalisco, New Jersey, and New Mexico.
- Federal reports for the U.S. and Mexico.
- This conceptual overview describing the model for understanding linkages between policy and performance as developed to this stage of the project as well as graphic and textual representations of the remaining work.
- A summary report of the younger scholars who have been involved with the project and their contributions.[1]

The following products are planned for the third year of the project and will be available on the web site.

- A synthesis report for the U.S. that incorporates insights from the federal report, and the two state reports. The intent here is to suggest propositions about the linkages between policy and performance that can be inferred from the data collected in the U.S. studies. This report will provide a "jumping off" point for the discussion involving policy leaders to be held in Jersey City, New Jersey, on June 21, 2002.
- A similar synthesis report for Mexico that serves as the "jumping off" point for the policy discussion to be held in Guanajuato in April 2002 (tentative).
- A policy paper reporting the conclusions from the U.S. meeting written in a format designed for wide distribution to a policy audience. The National Center will assist in the development and distribution of this paper.
- A policy paper reporting the conclusions from the Mexico meeting designed for wide distribution in that nation.
- A synthesis report that incorporates the results of the cross-national analysis of data from the two countries by the project co-directors.
- A revised report of the grounded model for understanding how policy can constructively contribute to the attainment of public priorities.

A proposal is pending to refine the model, add Canada to the national profiles, and increase from four to twelve the number of state and provincial profiles constructed around the model. Profiles will individually and collectively expand our understanding of the linkages between policy environments, rules of the game, and higher education performance in the U.S., Mexico and Canada. The addition of Canada will focus attention on the variation in federal involvement in higher education systems and provide a contrast between a system that is entirely "public" and systems that are mixed between public and private institutions. It will also make possible some comparison of the policies within different higher education systems for improving access and opportunity, including provisions for indigenous/aboriginal peoples.

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Introduction

Many Americans believe that the decisions of elected representatives influence goals, behaviors, and outcomes of the higher education systems their taxes help to support. At the same time, the consequences of any specific policy decision may be difficult to discern because of delays between changes in process and changes in results, because of conflicting decisions aimed at producing different results, or because of problems in accurately assessing outcomes. The purpose of this report is to describe key policy decisions that have shaped the New Mexico system of higher education and to link those decisions to the outcomes the state currently experiences.

This report was written as part of a larger study undertaken with support from The Ford Foundation in 1999 aimed at improving understanding of the linkages between policy decisions and higher education performance. The larger study was designed to produce comparative case studies of two states in the United States and two states in Mexico. Similar reports will be available for the state of New Jersey in the U.S. and the Mexican states of Jalisco and Guanajuato.

While our study was in progress, the National Center for Public Policy and Higher Education (National Center) published *Measuring Up 2000: The State-by-State Report Card for Higher Education*.[2] This report gave A–F grades to each state in five categories: preparation, participation, affordability, completion, and benefits. We have chosen to use these five categories as the indicators of performance our study will try to explain. To the measures developed from national data by the National Center, we have added data provided by the state and information from the interviews we conducted with a wide range of elected and appointed higher education leaders in New Mexico between August 2000 and June 2001.

The rules of the game are the principal means governments typically use to influence higher education performance.

Figure 1 depicts the categories we used to organize the evidence about the policy decisions that have shaped New Mexico's system of higher education. We grouped those policy decisions specifically focused on higher education under the headings of system design; communication, collaboration and accountability; and fiscal policy. We refer to these three categories as "rules of the game." While policy environments as depicted in Figure 1 are not immune to change, we think that the rules of the game are the principal means governments typically use to influence higher education performance. Arrows in the diagram suggest the directions of changes in the policy environment and the rules over the last decade. After examining the ways in which the policy environment and rules of

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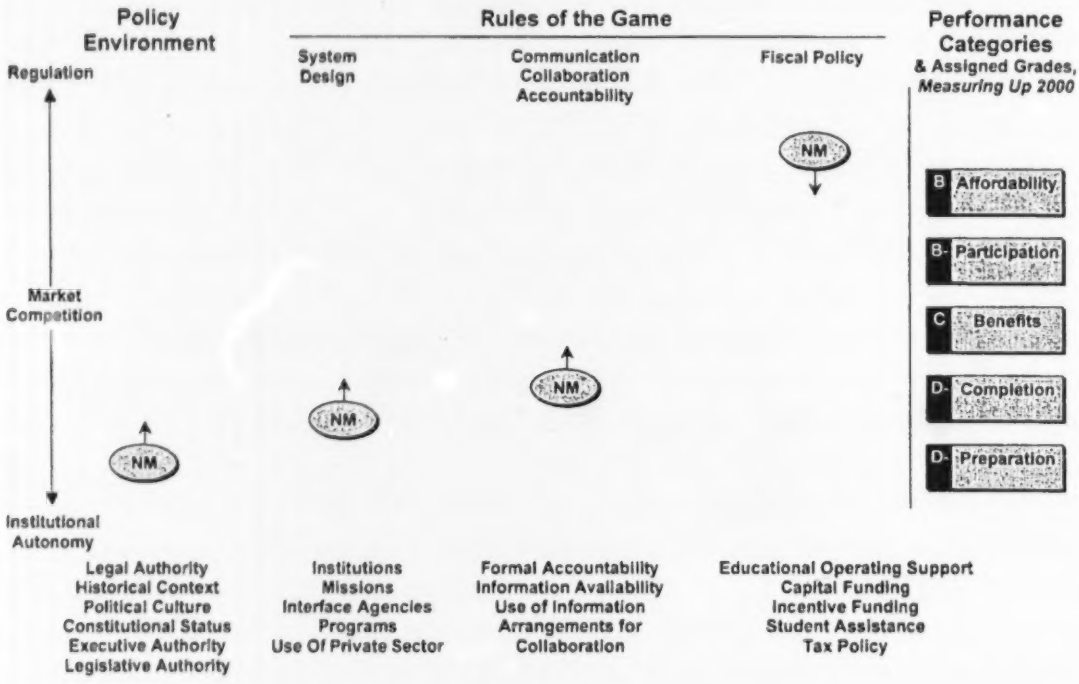
the game shape the behaviors of individuals and institutions, we consider the linkages between these behaviors and the grades New Mexico received for each of the five performance categories. Finally, we discuss the implications of this analysis for policymakers and institutional leaders concerned about changing higher education performance. The sources and evidence used for the report included respondent input for the study, state and national reports, and literature from the various disciplines that informed the study.

FIGURE 1: How Rules of the Game Influenced Performance In New Mexico: 1990 to 2000



General Policy Environment

The legal arrangements that initially established higher education in New Mexico have had a consistent and obvious effect on policymaker roles. Another important, although intangible, aspect of the New Mexico general policy environment is the widespread belief in access. Admittedly, the major source of proof for the existence of a "culture of belief" and its impact on New Mexico higher education activity came from the respondents themselves. But the theme of access is so strong in the state that to abstain from commentary on its influence would be to miss a major part of the policy environment in which higher education operates.

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Though no formal policy priorities for access exist, any issue perceived by New Mexico policymakers and higher education administrators as related to access is a substantial topic of discussion. Policymakers representing both the legislative and gubernatorial bodies indicated their belief in access, though they differed on how access is best achieved. It is also clear that policymakers feel that access is a value that permeates the state and feel that citizens expect access to higher education. One administrative representative summed it up by saying some people tie efficiency to access while others tie affordability to access—but whatever is associated with access is important in New Mexico.

New Mexico's capacity to manage its higher education institutions is bounded by the constitutional autonomy granted to the six public four-year institutions. Policymakers have had difficulty establishing statewide priorities for higher education or directly influencing institutional behavior. In fact, there is sufficient evidence to suggest that New Mexico governors and legislators have not been very involved in higher education precisely because of the constitutional autonomy granted to the state's public four-year institutions.

Although a number of administrators and policymakers spoke of a growing communication between institutions and the state, most felt that autonomous university leadership rather than state policy guided higher education's actions. Legislators were quite unanimous in the belief that legislative or gubernatorial impact on institutional behavior was minimal. One policymaker reflected on his previous years as a university employee and said that his view of how the institutions should operate has changed now that he is working at the state level. As an institutional administrator, he was quite pleased that he could pursue whatever goals he wanted. Several institutional presidents said they pursue goals that are dictated by "market forces." Administrators also said that some institutional priorities such as access are in alignment with policymaker preferences, but they were quick to point out that institutional action on such priorities was the result of their own initiative and the fortuitous intersection with the priorities of state officials.

When asked to describe the governor's priorities for higher education, phrases such as "not even on the radar screen" and "not a priority" were common.

Gary Johnson, a Republican, is in his second term as New Mexico's governor. During both of his terms, the governor and the Legislature have had a contentious relationship. The 112-member Legislature is Democratically controlled, and there have been sharp disagreements over state priorities. Higher education, according to virtually every respondent, is not a priority for the governor. When asked to describe the governor's priorities for higher education, phrases such as "not even on the radar screen" and "not a priority" were common. The governor does appoint regents to the six university governing boards, but, according to one university administrator, that

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has been the extent of the governor's interest or involvement in higher education. For every governing board, the governor may appoint no more than three of the five members from the same political party.

Some policymakers suggested that the attention to higher education is lacking because the current constitutional autonomy and history of the institutions provides a formidable barrier against state intervention. A former state official said, "No governor would ever put higher education at the top of his list in New Mexico, given the circumstances having to do with the opportunities to influence what institutions do." A legislator, when asked about past governors, said that to her recollection past governors have not attempted to directly change institutional behavior.

Governor Johnson has been a proponent of prepaid tuition plans, and the Legislature passed a bill establishing prepaid tuition plans in the state in 1999. By most accounts, the governor also believes that tuition in New Mexico should be allowed to rise. One policymaker said the governor's office would like to see tuition increase with a long-term strategy, incrementally and thoughtfully, while also increasing student aid. According to a state higher education official, New Mexico students are paying a larger share of their education than in the past. From existing evidence, however, it appears that the governor's preference for increased tuition levels and the actual increase in tuition just happen to coincide—the increase is not the result of deliberate policy intervention. The governor also is a supporter of the state's Lottery Success Scholarship Program. His support of the lottery program has coincided with public sentiment, legislative support, and institutional enthusiasm, all contributing to the passage and implementation of the program in the mid-90s.

The state's Democratic Legislature has been and still is very concerned with access and with those issues related to it. An administrative interviewee was of the opinion that the Legislature thinks access is really a function of affordability. Indeed, different respondents used different terms such as access, affordability, and opportunity, though all seemed to be addressing the issue of making participation a reality for New Mexico citizens. In terms of affordability, some respondents made a distinction between the affordable operations of an institution versus affordability with respect to the price students are charged. An institutional board member for a two-year institution said the Legislature looks kindly on her college because "affordability is a big thing, and people believe we do our job well and at much less cost than a university." A state representative for higher education tied several notions of affordability and access together when he recalled a legislative committee in the mid-1990s trying to improve efficiency so the state could have quality opportunities for students at an affordable price. He concluded that the tie between affordability and opportunity exists because a state "can't maintain affordability if it is inefficient."

Although most legislators appeared to be concerned about access, few have really delved into higher education issues. One state representative suggested that from a

legislative perspective, K–12 is a much bigger priority than higher education because it consumes almost half the state budget. Those legislators who in the past worked to establish committees or efforts to address higher education largely describe their efforts as unsuccessful and usurped by higher education institutions. In 1995, an interim committee called Excellence in Higher Education was established to address, according to the committee chair's perspective, issues related to the state higher education funding formula. According to the chair, however, different people had different ideas about what the committee should address, and no matter what draft legislation was offered, it was always rejected by higher education. A higher education representative, on the other hand, said it was not the institutions that unraveled the committee's work, and that higher education has gone far beyond any ideas generated in the committee.

In any event, the consensus seems to be that higher education is not a priority for New Mexico lawmakers. Past governors have traditionally not had a lot of involvement in higher education issues. The Legislature as a whole is concerned with any issue related to access, but few individual legislators have taken on the task of instigating policy changes that would directly affect higher education. Several respondents believe that both the Legislature and governor would need to play a complementary and cooperative role if policy priorities to influence higher education outcomes were ever to be established. With the current profile of state lawmakers and leadership, that seems unlikely to happen.

System Design

System design describes the arrangements for providing higher education services to the citizens of a state and for integrating those services with other actors in the political, economic and social environment. This section profiles the sectors and the types of institutions in New Mexico, and documents the history and current status of New Mexico's state-level agency, the New Mexico Commission on Higher Education.

New Mexico's arrangement for governing its postsecondary institutions can largely be described as eclectic.

New Mexico's arrangement for governing its postsecondary institutions can largely be described as eclectic. Public four-year institutions are decentralized. The state has three research universities and three comprehensive universities, each with its own governing board. Board members are appointed by the governor and approved by the state senate. The University of New Mexico (UNM), New Mexico State University (NMSU) and Eastern New Mexico University (ENMU) all have two-year branch campuses. UNM and ENMU each has an off-campus instruction center. The branch campuses and instruction centers operate under the auspices of university governance. A summary document from the New Mexico Commission on Higher Education states that the eight branch campuses and off-campus centers have locally elected advisory boards, but the budget and all major policy

decisions are ultimately the responsibility of the university governing board under which these institutions operate.[3] The branch campuses do have statutory authority to tax districts in their areas.

The remaining nine two-year institutions are governed under different arrangements. The state constitution established two institutions, both of which are governed by a board appointed by the governor. The New Mexico Military Institution has a dual focus on high school education and a general curriculum content that focuses on transfer programs. The Northern New Mexico Community College was originally established to prepare bilingual educators. Both of these institutions receive their support from the state, and they cannot support operational expenses through local support. Locally elected boards govern four of the nine independent public community colleges. These institutions receive state funding, but they also are able to draw on local support and issue bonds for capital outlay. San Juan College and Clovis Community College actually started out as branch campuses but became independent and locally governed in the 1980s. The final three community colleges started out as vocational institutions. In 1986, technical institutes were authorized to grant associate's degrees. Today, Mesa Technical College, Luna Vocational-Technical and Albuquerque Technical Vocational Institute (ATVI) all offer associate's degrees and are considered community colleges. ATVI has evolved into the state's largest comprehensive community college. All three technical institutions are independent and are governed by locally elected boards.[4] According to a state higher education analyst, all the community colleges with taxing districts and a governing board could implement debt service mill levies with voter approval. Based on these criteria, all two-year institutions in New Mexico, with the exception of Northern New Mexico Community College, could issue bonds.

In the early 1990s, the New Mexico Association of Community Colleges was formed to represent the community college sector. The executive director's charge is to provide a link to the state and keep the community colleges visible to the state. The association also provides an avenue by which community college stakeholders and constituents can communicate with the community college sector. By almost every account, the association has been a great success.

Partly because of the association's success, the public universities formed the Council of University Presidents. The Council employs an executive director and is comprised of the six university presidents. The Council adopted three areas that topped its priority list in the late 1990s and into the new decade: (1) accountability, (2) teacher quality, and (3) economic impact universities have on the state. The Council's executive director believes that it is important to define priorities and address them, but equally important is "educating, reporting and trust-building" with the Legislature and higher education stakeholders. A university president said the role of the Council is critical because policymakers, from his perspective, seem to support community colleges more than universities, perhaps because they have a better understanding of their missions.

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Indeed, part of the Council's purpose is to help policymakers understand the universities and the role they play in educating New Mexico residents.

The state has three private nonprofit four-year institutions represented by the Council of Independent Colleges and Universities of New Mexico. All three are comprehensive liberal arts institutions. This sector has relatively low enrollment relative to the public sector. The for-profit sector also has a presence in the state, most prominently represented by The University of Phoenix, Webster University, and National American University. A representative for the nonprofit sector said the for-profit sector and its institutions are competitors, but "this type of institution is fine for that sector of the market that benefits from what they offer."

Over the years, the Legislature continued to define and identify in statute a number of additional responsibilities for the BEF.

For over 50 years, higher education in New Mexico has had a state entity involved in some facet of budgetary coordination. The perceptions about the scope and effectiveness of that coordination have changed over the years. In 1951, the Board of Educational Finance (BEF) was established to deal with problems of financing higher education institutions in the state. Several policymakers said the BEF unified the budget-making process for higher education. Institutions had, previous to the BEF's existence, approached the Legislature individually, and there was a desire by state-level officials to minimize the need for individual institutions to represent their requests directly to the Legislature. One college president said the BEF's purpose was to stop end runs (by the institutions) to the Legislature and to keep relationships between higher education institutions within some type of structure. Many believe that the BEF was quite effective at achieving its intended objectives. One state-level official said that the BEF was able to accomplish its goals, while another president described the BEF as effective because "it had a strong focus."

Over the years, the Legislature continued to define and identify in statute a number of additional responsibilities for the BEF. In 1986, the BEF was renamed the New Mexico Commission on Higher Education (CHE) to acknowledge this expanded responsibility. The additional responsibilities more clearly detailed the CHE's role in institutional finance. The statutes also specifically spoke to areas concerning student financial aid, the coordination of new technologies, the expansion of new campuses and learning facilities, and the CHE's role in educational programs and operations. Institutional budgets continue to go through the CHE, and the CHE makes funding recommendations to the Legislature based on its review. The CHE's role regarding student aid is management and distribution.

Formally, the CHE is a statutory coordinating body that works to offer a statewide perspective in recommending and establishing policy direction for New Mexico higher education. The CHE has 13 commissioners appointed by the governor for six-year terms and charged with addressing policy and governance issues related to the CHE. Two

students also serve as commissioners for one-year terms, with only one student being a voting member. The executive director for the CHE serves as the State Higher Education Executive Officer and manages a staff that addresses issues ranging from articulation and transfer to higher education's role in teacher quality.

The CHE was described by many as understaffed. The CHE itself commissioned an independent consultant to assess its activity and effectiveness in the late 90s. An important finding in the report was that the CHE has a capable staff, but that it is trying to "fight a hundred fires with a hundred buckets of water."[5] One CHE staffer summarized by saying that much of what the CHE produces is statutory and there are no resources to respond to additional needs—but legislative requests and requirements must be fulfilled.

Several policymakers saw the CHE as playing an important role but also acknowledged the resource challenges. Many people remember the BEF as effective because of its focus, and part of the difficulty for the CHE may be its added responsibilities. In sum, the CHE's ability to focus and thus be as effective as it would like may be impossible given its scope of responsibility and current resource levels.

Respondents also spoke directly about statewide policy priorities. Here too, most believe that the CHE has had difficulty in establishing statewide policy directions for New Mexico higher education. Many believe what is true for the Legislature's and governor's relationships with higher education is also true for the CHE: that the constitutional autonomy of the six state universities makes it extremely difficult to establish an audience for any policy framework. Some used terms such as "the culture" and "the environment" in describing an environment that was not very conducive to a statewide perspective.

It is likely that higher educational change would require the alignment and momentum of several forces, including the governor, the CHE and the Legislature. A number of interviewees described the lack of gubernatorial and legislative interest in focused, statewide higher education policy as a major impediment for the CHE's worthy, but so far unsuccessful, efforts at trying to develop widely accepted priorities. In addition, some respondents said that the commissioners and the executive director have themselves not been able to establish agreement. Input directly from commissioners was particularly insightful. The first input one commissioner gave was that the number of commissioners on the board was too large, and another said there was disagreement among members of the commission.

A policy advisor said that it would take more alignment and force to move higher education than it would to reform K–12, but even if forces were aligned he would remain skeptical. The advisor recalled a past time when "momentum from a few different directions" existed that could have influenced higher education. The Interim Committee on Excellence in Education operated during the same period that the CHE was conducting statewide roundtables to address higher education issues. The advisor concluded, "Still, nothing happened."

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Policy officials and higher education administrators did believe that there is a role for the CHE to play. A CHE commissioner said that the CHE clearly controls graduate programs, makes principal funding recommendations, and outlines capital outlay suggestions that the governor relies on. An administrator from a comprehensive university confirmed that graduate programs are very much subject to approval by the CHE, and he noted that because of this it is extremely difficult to respond to market needs. Another commissioner said the CHE has little power over universities but more influence over community colleges.

Many believe that the CHE's review of institutional budgets is the only available mechanism by which priorities or messages could be sent to the institutions, and because funding recommendations deal with money, the CHE has a legitimate vehicle by which to influence institutions. Others believe that even though budget recommendations go through the CHE, institutions circumvent the system much as they did before the establishment of the BEF. One legislator said the CHE's role in budgeting is more a role of consolidating the budgets. Today, institutions approach the Legislature independently every year for special projects and additional funding and are often successful in getting their requests fulfilled. A university administrator, reflecting on his university's lobbyist, said, "Lobbying overall isn't beneficial to accomplishing state priorities."

There is little doubt that the CHE is, as one state legislator put it, "stronger on paper" than in reality.

There is little doubt that the CHE is, as one state legislator put it, "stronger on paper" than in reality. There are pockets of optimism that concomitant events and interests may be producing an opportunity for the CHE to seriously set the stage for a statewide higher education discussion that would lead to policy priorities. Legislators are interested in accountability and have passed legislation that requires all New Mexico public agencies to address this issue. The Council of University Presidents and the Association of Community Colleges talk to each other and have now been meeting on a regular basis with the CHE and policymakers. In *Measuring Up 2000*, the national report card released by the National Center for Public Policy and Higher Education, New Mexico received low grades in preparation and completion, and there is state-level interest in figuring out how to change performance in these areas. The CHE has begun talks with community leaders, higher education administrators, and knowledge experts from such organizations as the Western Interstate Commission for Higher Education to address higher education performance.

Past events, such as the failed attempt of a legislative committee to address issues, are powerful testimony to the difficulty state-level officials have had in establishing statewide higher education priorities. Several historical elements of culture and environment also seem to work against the achievement of such an end. In addition, the constitutional autonomy of the universities offers direct tension to the notion of a statewide view of higher education.

Perhaps the intersection of accountability, increased communication, and publicized poor performance on higher education outcomes will give the CHE the momentum it needs to overcome its inertia. There may be an opportunity to generate an audience to establish higher education policy priorities. Or, perhaps, it is the pressure of the times that will bring institutions to the belief that one higher education story must be told. In the concluding words of one policymaker, "Hard times are just around the corner. I guess we will just have to see how hard the times become before we make any predictions about whether higher education is going to change or not."

Communication, Collaboration and Accountability

Communication and collaboration in New Mexico may be best described as a work in progress. Some arrangements exist for collecting and reporting information that profiles higher education or documents its performance. Other requirements are imminent and will undoubtedly change the existing arrangements. The state's higher education sectors have not historically had a great deal of communication or collaboration with each other. Collaboration is still not evident in the state to any substantial degree, but some developments within the state have laid the groundwork that may improve communication, collaboration, or both.

In 2003, new legislation designed to enforce accountability for New Mexico public agencies, including higher education, will take effect. There are still many questions that remain since the legislation does not specify exact guidelines for performance indicators or for program review and evaluation. Likewise, there has been no indication from the state as to which priority or problem areas must be addressed by any given agency. In short, the accountability legislation in New Mexico is evolving—and will continue to evolve even after it takes effect. The coming legislation, however, has already influenced the activity of individual institutions and the community colleges and universities as an enterprise.

The executive director for the Association of Community Colleges said that two-year institutions have been working on understanding their own performance for some time, and he sees no problems with satisfying state requirements. One of the top three priorities for the Council of University Presidents is accountability. The executive director for the Council said that when he was hired, he believed that providing accurate and relevant information that demonstrated accountability was absolutely essential from a policymaker perspective, and universities needed to make that a central issue.

A few policymakers are skeptical about the work that the community colleges and universities have already completed on accountability, but most do acknowledge that higher education is further along than most state agencies. One community college administrator said the universities are even further along than his sector because they have resources and people to focus on accountability. Higher education representatives

said they were making important strides in accountability because they felt it was an area of importance. Several also said it is better for them to lead the way in this effort rather than have something imposed on them when the legislation takes effect.

The accountability legislation is not up for debate, as was the direction of the Excellence in Higher Education committee. Still, the exact impact of the accountability legislation is yet to be determined. Over time, many are hopeful that institutional strengths and weaknesses will emerge. One administrator said that if the universities provide information only on how well they are doing, then policymakers will not trust the comprehensiveness of their reporting. The real test of the accountability legislation on higher education will be whether it leads to better information on why certain outcomes suffer in the state. The next test would be whether the legislation provides any incentives or creates any consequences for the actual performance on such outcomes.

The level of information availability and infrastructure in the state may impact the effectiveness of accountability on higher education. The issue of articulation and transfer provides a glimpse into the evident informational constraints. In 1993, House Memorial 32 required universities to report the number of transfer credits accepted and denied. Universities have been submitting data, and they do have to explain those cases where transfers were denied. This groundwork, along with the work of faculty groups charged with deriving transfer modules, certainly paves the way for better articulation and transfer. According to a CHE analyst, however, "The issue of whether a department accepts the credits and counts them toward a degree is something that we do not know." Thus, credits may be accepted at the university but not counted toward a degree, and the state does not have the information systems in place to evaluate such situations.

The state does have a unit record system to track students by social security number. The original design of the system was to support funding, though, so it is not particularly useful for reporting on outcomes for such areas as program review. In addition, the universities may use some different informational sources and databases other than the CHE, such as the Integrated Postsecondary Education Data System (IPEDS). In a very real sense, this means that information and outcome data are not centralized or standardized, which further reinforces institutional autonomy.

The CHE does serve as a central point of contact for state policymakers, however. This is important, according to several respondents, in a state as decentralized as New Mexico. For example, the CHE provides an annual report that profiles the conditions and characteristics of higher education in New Mexico. The report is mostly descriptive and includes information on enrollment, student aid, tuition, faculty salaries, capital outlay, and other highlights of New Mexico's postsecondary industry. Lawmakers' reactions to the CHE's role and the information it provides are varied. One representative said she personally supports the Commission on Higher Education and knows whom to call when she needs information. Others simply said CHE information was "necessary" or "helpful." A final state official said that no matter what the CHE does, it "can't be a

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strong voice without gubernatorial and legislative support and interest." One thing does seem certain about the information available in New Mexico: policymakers trust CHE-provided data more than institutional data.

The extent of higher education collaboration within New Mexico varies by sector.

The extent of higher education collaboration within New Mexico varies by sector. There is a growing sense that communication between the state and higher education and among sectors and institutions is on the rise. This must be put into context, however, since there is a history of fragmentation and institutional competition in the state. For example, institutions approach the Legislature independently, seeking separate agreements for additional funding. Undergraduate programs also emerge due to competitive offerings since there is no statewide coordination of such programs. "If UNM offers it, then NMSU has to offer it, too," said one policymaker. One administrator said the CHE promotes collaboration but the system doesn't reward it. When asked about duplication, another university administrator said that graduate programs do have to be approved by the CHE, but he viewed this as constraining the ability of the university to be competitive. When asked about undergraduate programs, the administrator admitted that the CHE only needs to be informed of additions or revisions and that his institution could act as it wished in this area.

In spite of real and perceived barriers to collaboration, there seems to be more communication among institutions, perhaps because institutional leaders have come to believe that communication is valuable. The model provided by the Association for Community Colleges and subsequently adopted by the universities in the Council of University Presidents provides opportunities for institutional presidents to address priorities within each sector. A byproduct of the creation of the Council and the Association is communication across sectors: the two sectors now have a forum for communicating and meeting with each other and with state-level officials.

In New Mexico, collaboration has more to do with relationships than with legislation or formal structures. There is reason to be hopeful for more collaboration, but there remains reason for concern. One legislative respondent said that the CHE has been sending policy messages to higher education on the need for collaboration with each other, with K–12, and with business and industry. Several sources said that such messages do not have any teeth and so have not met with much success—particularly in the universities. A legislative aide gave an example that demonstrates there are still obstacles to overcome, even when money is used as an enticement for collaboration. The aide recalled the recent initiative for state-funded grants targeted on distance technology. Colleges were asked to forward proposals outlining how money they received would be used. The primary criteria in the guidelines called for collaboration, but according to the legislative contact, just about every proposal ignored this issue.

There is some evidence of collaboration in the state, however. The CHE and the state Board of Education for K–12 have been building a strong relationship and collaborating on roundtable discussions and statewide meetings. Since these meetings often include representatives from across higher education, K–12, and business stakeholders, the doors for additional collaboration are opened. In addition, policymakers and two-year administrators agreed that two-year institutions are collaborating to a great extent with business and industry. One board president for a community college said that the success of her institution is largely predicated on its ability to collaborate with business and industry, and the state knows the institution does a good job of interfacing with the business community. The board president said this collaboration happens because every program has a committee that communicates with business and industry constituents. A university president said that New Mexico has come a long way in terms of collaboration but still has a long way to go. His concern was that collaboration would only happen with the full participation of all parties involved, and it would stall if one person tried to push a preconceived agenda.

Some in the state believe that collaboration is the only way that New Mexico will effectively address problem areas such as teacher education, completion, and student preparation. Judging by the state's current performance in these areas, there is little reason to believe that collaboration would make matters worse. In the best-case scenario, collaboration would provide a forum by which politically and geographically autonomous institutions collectively conceive of solutions to solve prominent problems.

Fiscal Policy

Fiscal policy in New Mexico has elements of both stability and change. The state appropriations and capital funding processes have been in place for some time, and institutions play by a set of common rules, both explicit and implicit. The relatively new Lottery Success Scholarship Program has dominated the state's fiscal policy scene. The lottery program only pertains to student aid and is therefore a smaller portion of state-supported higher education funding than direct institutional appropriations, but its political popularity is widespread, as is its perceived impact on higher education outcomes.

The higher education appropriations process in New Mexico has essentially followed the same process since the inception of the CHE. The formula, which is enrollment driven, was legislatively initiated in 1978. Then-Governor Jerry Apodaca was under pressure from the Legislature to formalize the funding process, since it was essentially a free-for-all. According to one source, the creation of the enrollment-driven model in New Mexico was very much an accomplishment at the time. This was because the state had and continues to have a very "progressive attitude toward equity and access that is a cultural attitude of the state." The enrollment-driven formula was intended to

provide a rational, systematic approach to funding higher education. "Having a formula, whatever its weaknesses," said one respondent, "has the advantage of lessening political game playing."

There are slight differences in belief about who influences the process of adjusting or revising the funding formula.

There are slight differences in belief about who influences the process of adjusting or revising the funding formula. A former CHE administrator said there was no formal process for revisions and that all adjustments have been minor. She added, the "CHE clearly must approve of any change, and if institutions even would want a change, they must present a united front." The former administrator's sense was that institutional agreement would not mean an automatic change. An institutional administrator agreed about the absence of a formal process, but emphasized institutional influence by noting that "it is difficult to make changes that do not have institutional support." An informal "funding formula task force" comprised of two-year and four-year representatives meets with the CHE periodically to discuss possible modifications. The CHE is widely viewed as interested in feedback. One source noted, the "CHE does not revise the formula in isolation, nor does it wish to." A current CHE staffer added, "Our intention is not to surprise anyone. We take a collaborative approach to our work."

The process of institutional budgeting is relatively straightforward. Institutions submit operating budget requests to the CHE. The CHE then reviews the budgets and makes a recommendation to the Legislature. Policymakers were in general agreement with CHE staff that such recommendations are taken seriously and provide the basic input for formulating the higher education budget.

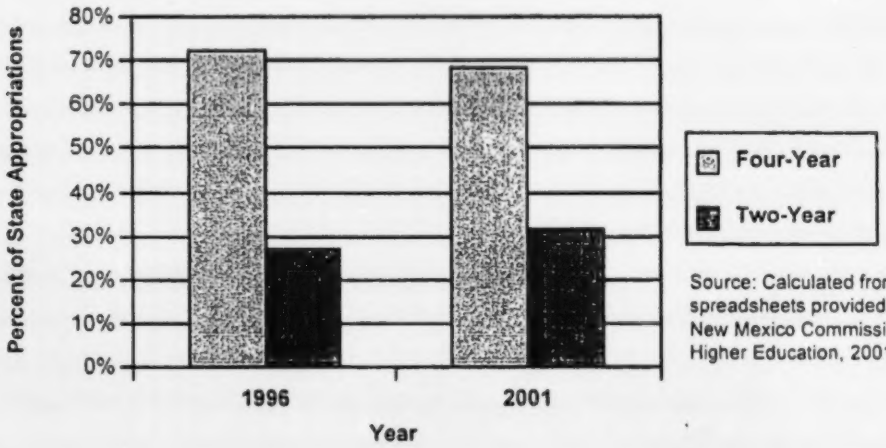
A similar process is followed for capital funding requests. Institutions submit a list of priority projects. The CHE reviews all capital funding lists and then prioritizes projects from a statewide perspective. It is possible that one institution's top two requests may be ranked higher than another institution's top request. The CHE recommendation is then passed on to the Legislature and the governor's office.

Despite these rational procedures, institutions approach the Legislature individually for capital funds and special projects. Universities employ lobbyists to communicate their priorities and advocate for additional funds in addition to working together through the Council of University Presidents. The community colleges lobby the Legislature as one body. While the New Mexico Association of Community Colleges and the Council of University Presidents provide a possible avenue for the two sectors to communicate, each entity also approaches state-level officials independently.

New Mexico state appropriation support, over the last decade, has shifted slightly. The proportion of state appropriations to community colleges has increased over the last five years, relative to the state universities' share. New Mexico does have an enrollment-driven funding formula, however, and community college enrollment has been growing

strongly since the early 1990s. Between 1990 and 1998, community college enrollment grew 42%, while enrollment in the four-year sector remained flat over the same period. The growth in the two-year sector explains some of the appropriation shift shown in Figure 2. The two-year sector in Figure 2 includes independent two-year colleges, branch campuses, and off-campus centers. The four-year sector in Figure 2 includes research and regional universities.

Figure 2: State Higher Education Funding, By Sector



Source: Calculated from spreadsheets provided by the New Mexico Commission on Higher Education, 2001.

State financial aid increases in the 1990s are attributable to the lottery scholarship program. In 1998, the lottery program accounted for 20.9% of all New Mexico state financial assistance for higher education students.[6] Still, state financial aid increases in the 1990s were outpaced by growth in federal and private sources. By 1998–99, private dollars surpassed state contributions to student aid, though the number of state aid recipients still exceeded private aid recipients. One interpretation of this data is that more students received state financial aid in 1998–99 than in 1991–92, but the average aid per student was less.

As of late, the Lottery Success Scholarship Program has dominated fiscal policy in New Mexico. The program was started in 1996 largely at the behest of a powerful state legislator. The acceptance and implementation of the lottery scholarship program was undoubtedly helped by its perceived relationship to access and by its political appeal.

Through the lottery program, every New Mexico high school graduate (or GED recipient), regardless of income, who meets relatively modest criteria and wants to attend a New Mexico public college or university can get up to 100% of their tuition paid as a result of profits from the New Mexico lottery. This program excludes private sector institutions. As of spring 2000, the CHE had awarded over 10,000 scholarships to full-

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time students at public postsecondary institutions throughout the state through this program.

The lottery scholarship program is widely perceived to be the policy mechanism that has increased access to higher education. Many public higher education administrators believe that this increased access has led to greater student choice and increased affordability. Others said that the most significant aspect of the lottery is that it has allowed more New Mexico students to participate in postsecondary opportunities than ever before.

The fact is, however, that statewide enrollment has increased every year since 1990, not just since the lottery program was implemented in 1996. Given this trend, it is difficult to gauge the lottery's exact impact on participation levels, but at the very least, it has probably increased enrollment at the state's public four-year institutions (see "Participation and Choice" section of this paper, page 18). Almost everyone in the state believes that the lottery program has made a university education a viable enrollment option for those who otherwise would not have considered such a possibility. One university president said that after the lottery took effect, freshmen enrollment increased by nearly 25% at his campus. Some state-level officials believe increasing enrollment at public four-year universities is an undesirable outcome, however, because it encourages students to begin their postsecondary careers at the more expensive four-year institutions. Such officials suggested that it is more cost-effective for students to begin at a two-year institution.

Most legislators we interviewed believed that four-year institutions disproportionately raised tuition as a result of the lottery scholarship program. This has caused some to feel that higher education is raising prices because it is being subsidized. One president said that the lottery scholarship amount is actually quite small compared to total tuition and revenues, so the lottery effect on institutional action is negligible. Another administrator said, "There has not been an impact on tuition and fees as some speculate. We don't make pricing decisions based on the lottery scholarship. That funding is much too small to make an impact on our decisions."

The perceived effectiveness of the Lottery Success Scholarship Program in promoting choice, affordability, and participation has probably been amplified by its political popularity, which has taken the state to a point of no return. There is no way of knowing how many of the 10,000 students who received a scholarship by spring 2000 would have participated anyway, or how many did participate because of the program. There is no telling exactly how many students would have chosen to attend a two-year institution instead of a four-year institution if the lottery scholarship hadn't been available. After all is said, however, just about everyone in positions of policy leadership in New Mexico supports the program, from governor to college administrator.

While the lottery program excludes the private sector, there is a program in the state that awards need-based scholarships to students attending private institutions. The

Student Choice Scholarship Program is funded by state appropriations and is based on a formula that takes public tuition into account. In 1998–99, the program was about one-eighth the size of the lottery program with only 500 recipients, compared to 8,232 recipients for the lottery program.[7] A private sector respondent, discussing the Choice Scholarship, said, "The state subsidy for students in the public sector is so tremendous that the state actually saves money by diverting students to the private sector. By giving us $3,000, they do not have to give UNM $8,000."

Outcomes for New Mexico

In *Measuring Up 2000*, the National Center for Public Policy and Higher Education gave A–F grades to each state in five performance categories. This section discusses New Mexico's performance in those five areas. The state's system of higher education performs well on affordability, an area that state stakeholders tie to access. Participation also is strongly tied to access, and on this outcome, the evidence is mixed. New Mexico higher education has not been successful in retaining students and producing college graduates, and there is a specific concern about the capacity of higher education to produce enough teachers to serve the state. There is also a question concerning whether New Mexico institutions are as efficient as they could be. Finally, administrators and state officials alike believe that one of the benefits of higher education involves economic development. The existing evidence is somewhat impressionistic regarding higher education's contributions in this area, but this issue has attracted increased attention in New Mexico.

New Mexico higher education performs well on affordability, something state stakeholders tie to access.

Preparation

Preparation for higher education was included in *Measuring Up 2000* because the National Center for Public Policy and Higher Education believed that policy conversations about higher education should begin with issues of precollegiate preparation. For students, the continuum of learning should be the central reality, not organizational boxes that divide education for purposes of administration, policy, funding, accountability, and regulation.[8] Interestingly, neither New Mexico higher education administrators nor policymakers talked very much about preparation.

New Mexico's performance on preparation is the second lowest in the country. New Mexico's preparation grade of 62, which earned it a D–, was 16 percentage points below the national average. The state's performance in preparation also was among the lowest in comparison to other Western states. The state performed poorly in all three

indicators that make up the preparation grade: high school completion, K–12 course taking, and K–12 student achievement.

Recent efforts in New Mexico to include higher education and K–12 representatives in conversations about teacher education and quality may help address issues such as preparation. Higher education trains teachers, and teachers train secondary students, so there is an obvious interdependency between K–12 and higher education. State demographics will continue to present challenges to preparation performance, however. New Mexico is a poor state in terms of poverty levels and income per capita. A high percentage of the projected population growth in the coming years will be in the younger, minority populations. These populations in New Mexico have had high proportions without a high school or college education.[9]

Participation and Choice

In New Mexico, participation is perceived to be an important component of access. New Mexico higher education has earned mixed marks for participation. New Mexico students have several public institutions to choose from, but the private market is very small and enrolls only a fraction of the student population. In reality, student choice for higher education is largely confined to attendance at public institutions.

The National Center graded New Mexico a B– in participation. This category is comprised of indicators that measure enrollment rates in two- and four-year institutions. The state's participation grade was strongly influenced by measures of young adult enrollment in college. A report to the state's legislative finance committee indicated that New Mexico ranks 37th among the 50 states in the proportion of its 19-year-olds enrolled in college immediately after high school and 49th in the proportion of students from low-income families that enroll between ages 18 and 24.[10]

Despite some conflicting figures about who enrolls and when, total postsecondary enrollment in New Mexico increased throughout the 1990s, fueled by strong growth in the two-year sector (see Table 1).

Table 1: New Mexico Higher Education Enrollment and Population Changes: 1990–98

	1990	1998	% Change
Four-Year	48,488	48,183	–0.6%
Two-Year	31,428	54,245	72.6%
Total	79,916	102,428	28.2%
NM Population	1,515,069	1,733,535	14.4%

Source: The New Mexico Commission on Higher Education.

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Total higher education enrollment growth from 1990 to 1998 also outpaced the state's population growth (see Table 1). Enrollment in four-year institutions during this period was flat, however. The state's two largest research universities recorded enrollment growth during the last half of the 90s (coinciding with the initiation of the state's lottery scholarship program), but the regional comprehensive universities had trouble maintaining enrollment, effectively canceling out the enrollment gains made in the research universities.

Eastern New Mexico University, considered by many to be an innovative institution guided by strong leadership, is one example of an institution struggling with enrollment. ENMU is located in the eastern part of the state and is far from the state's three major population centers. One state respondent, commenting on ENMU's leadership role in distance education, said it was probably true that ENMU was innovative and cutting-edge relative to other institutions, but that perhaps the geographic challenges it faces contribute to that innovation. An ENMU administrator said that distance education has been important, but that equipment and technology are fast becoming outmoded and updates are needed. The administrator also wondered about the expense of such a delivery mode for the modest numbers currently being served.

The strongest enrollment growth occurred in the state's largest comprehensive community college, Albuquerque Technical Vocational Institute (ATVI). ATVI's growth rate from 1990 to 1998 was 48%, an impressive figure considering that it was already the state's largest two-year postsecondary institute in 1990.

Although higher education in New Mexico was a growth industry in the 1990s, two predictive factors of higher education enrollment lead to conflicting conclusions about future trends. On the positive side, overall population increases are on the rise. The U.S. Census Bureau estimates New Mexico's total population growth for the six-year time period between 1994 and 1999 at 5.2% compared to a projected growth of 8.4% for 2000–05. High school graduate estimates for the same time periods show a decline, however, with growth rates of 17.1 and 0.1%, respectively. Estimates of high school graduates are available to 2011, and the 11-year projected growth rate from 2001 to 2011 is only 3%. High school graduates are regarded as a primary source of postsecondary enrollments, and, in New Mexico, the estimated 11-year percentage of white/non-Latino graduates is projected to decrease 12%. The growth in high school graduates will occur in groups at a higher risk for not attending a postsecondary institution immediately after graduation. For example, Latino projections are at +15%.[11]

According to 1998 population estimates and data from the *Chronicle of Higher Education Almanac*, there is one postsecondary institution available for every 38,600 residents in New Mexico. The national average is 63,726, placing New Mexico seventh by this measure.[12] From several perspectives, New Mexico's higher education system design encourages participation and provides choice of public institutions. A representative from the Council of Independent Colleges and Universities of New

Mexico believes that the effect of limiting lottery scholarships to public universities, however, has "hurt the private sector in terms of recruiting students" and "distorted where people want to attend college." From this perspective, choice has been constrained to the dominant public sector.

The belief that New Mexico's public institutions maximize the opportunity for participation has raised challenges to the distance education debate as well. When asked about distance education as a means to increase access, one president noted, "There is no state with as many institutions within reach of its population as in New Mexico. With the number of institutions we have in this state that are accessible and within proximity to our population, don't you have to ask, 'How much of a need is there for distance education?' " Distance education is a relatively recent issue. And although there is an ongoing debate about distance education—who should provide it, to whom, and why—the state has historically provided a reasonable number of choices for prospective students to attend a public institution. For some regional universities that are not located in populated areas of the state, distance education is another avenue to obtain enrollment and take education beyond the immediate service area. Still, one gets the sense that universities using distance education not only struggle with the lack of state incentives to promote such offerings, but with actual enrollments that would justify the cost of delivery.

Affordability

Affordability, like participation, is commonly linked to access. New Mexico provides its citizens with relatively affordable higher education opportunities; the National Center graded New Mexico a B in this category. New Mexico's affordability grade would have been even higher if the state had not performed so poorly on two of the six indicators that comprise the grade. The state, according to *Measuring Up 2000*, does not target much of its state aid to low-income families. In addition, New Mexico students rely more on loans than the national average. The Lottery Success Scholarship Program has made more state aid available than at any other time in the 1990s, but this will not improve the state's affordability grade since the lottery program will not be considered need-based aid.

Several recent trends confirm that higher education in New Mexico has remained affordable (see Table 2). First, state financial aid allocations and the number of state aid awards have risen faster than enrollment demand. Secondly, state aid has outpaced the growth rate of tuition increases. Though New Mexico state financial aid grew from 1991 to 1998, federal and private sources of aid grew even faster. For the first time in New Mexico, private sources of student aid surpassed state aid in the 1998–99 academic year.

Table 2: Financial Aid and Tuition in New Mexico

Enrollment Growth, 1990 to 1999	22%
Growth in State Financial Aid, 1991 to 1998	81%
Growth in State Aid Awards	95%
Growth in tuition:	
Public four-year	64%
Public two-year	31%

Sources: New Mexico Commission on Higher Education, *The Condition of Higher Education in New Mexico* (Santa Fe: 1990 and 1999); *The Chronicle of Higher Education*, Almanac Edition 48, no. 1 (August 31, 2000).

It is important to note that Table 2 does not break down state aid into need-based and non-need-based aid. Non-need-based aid in New Mexico grew more than need-based aid between 1991 and 2000.[13] This confirms the National Center's point that New Mexico is lagging in terms of college aid targeted to low-income families. In other words, the state is investing significantly in student aid, but the issue that may need discussion is who is receiving that aid.

In terms of tuition levels and the ability of families to pay that tuition, New Mexico does quite well. Although tuition has risen in New Mexico, tuition levels in the state remain low compared to national averages. A likely factor contributing to the low tuition rates is that the state has generously funded higher education institutions. Mortenson concluded in 1988 that New Mexico's efforts to invest in higher education are extraordinary.[14] State appropriations to institutions, on a per student basis, are also generous, with New Mexico placing 10th out of the 50 states on this measure.[15]

In summary, tuition is reasonable and more aid is available because of the lottery program. There is a strong sense from policymakers to administrators that low tuition is an important part of New Mexico's higher education culture because it is so deeply intertwined with the concept of access. Institutional presidents said they were committed to access because that is crucial to the mission of their institutions. One president said that there is a strong message from the Legislature to keep tuition affordable, but as far as his institution was concerned, "that's singing to the choir, because that's what we are trying to do anyway." Another president described access as his institution's top priority, and the realization of that commitment was to keep tuition low.

Completion and Teacher Shortages

The challenge of improving completion rates for associate's and bachelor's degrees in New Mexico is documented by both state and national sources. Though not frequently

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mentioned in our interviews, some policymakers and administrators did acknowledge issues related to completion. In its 1999 annual report, the Commission on Higher Education reported that the likelihood of a New Mexico student completing a bachelor's degree remains lower than is desirable and added, "Comparing older to more recent cohorts of students being tracked in these analyses failed to reveal any evidence of significant improvement in degree completion rates for the more recent cohorts."[16] The National Center for Higher Education Management Systems (NCHEMS) stated that New Mexico's institutions produce relatively fewer graduates than institutions in surrounding states, particularly at the baccalaureate level. NCHEMS also stated that New Mexico did much better on graduate education completion, believing that the state's higher education system is effective in fulfilling graduate and research functions and is best suited to serve the wealthiest and most populous counties in the state.[17]

In *Measuring Up 2000*, the National Center for Public Policy and Higher Education graded New Mexico a D– in completion. The subcategories that comprised the completion grade included persistence and completion rates, with completion accounting for 80% of the grade. It is important to note that *Measuring Up 2000* focused on undergraduate education. New Mexico performed poorly in both persistence and completion. Completion rates for first-time students within five years were especially low, significantly depressing the state's performance on this measure.

The CHE has indicated in several of its reports that the time to completion for those who do persist also needs attention. Though there was no numerical evidence, one CHE source said the lottery scholarship program seems to be increasing the time to graduation since the required course-load is only a 12-hour requirement per semester. One policymaker said graduation is a problem if it is taking the universities seven to eight years to graduate some students when the state is footing the bill. But, he continued, many issues in New Mexico that may seem important within higher education are seen as non-issues at the state policy level.

The production of teacher graduates has been a particular issue of concern in the state.

The production of teacher graduates has been a particular issue of concern in the state. Teacher quality is not a statutory charge, but there has been a growing collaboration between the CHE and the state Board of Education over the last five to seven years to address the issue. According to a state report, New Mexico institutions produce approximately 1,300 new teachers each year. Projected retirement and attrition rates, coupled with out-of-state recruitment efforts, leave the state with an estimated annual shortage of approximately 1,500 teachers.[18] The teacher shortage issue is something many states are struggling with, but in a rapidly growing state like New Mexico, the problem is magnified. A well known state legislator said that teacher education has been a priority for the Legislature since the early 1990s, but there was no formal mechanism to hold institutions accountable to determine whether they were doing their part.

Benefits

In *Measuring Up 2000*, the National Center gave New Mexico a C for the benefits to the state for having a highly educated population. Given that the state performed poorly in preparation and completion, it comes as no surprise that the state did not receive exemplary marks on the benefits indicators: (1) higher education achievement and (2) increase in income from holding a bachelor's degree. Still, the state did better on benefits than it did on preparation or completion. Other indicators in the benefits category included civic benefits (e.g., voting patterns and giving) and adult literacy skills. New Mexico did not have published information for the latter indicator but was not penalized.

State policymakers are hoping that the coming accountability legislation will help link the benefits of higher education to state priorities. This link is difficult to establish, but the accountability legislation has spurred universities to initiate some work in an area that most in the state associate with a benefit that should come from higher education: economic development. Universities are expected to contribute economically to the state, but little is understood about the precise connections between higher education production and economic development. Thus far, the universities have produced reports that have highlighted how they are contributing to economic development. The report from UNM, for example, outlines several areas it believes demonstrate the institution's contribution to economic development:

- Information on graduates, in terms of numbers and types of degrees;
- Workforce training and development, which includes descriptions of programs and numbers receiving training;
- Research and activities, in terms of out-of-state revenues and jobs and expenditures related to such activities; and
- Support of business development and attracting new business, which include descriptions of programs and efforts.[19]

Administrators agreed that these reports were the result of increased attention to economic development and the coming accountability legislation. In this way the accountability legislation has stimulated some institutional response to addressing economic development, but the response has been to document current activity rather than to change it. In fairness, institutional respondents feel that higher education is contributing to economic development, and the reports are a way to highlight that contribution.

Conclusion

There is little doubt that the rules of the game in New Mexico have affected higher education performance. The New Mexico case evidence suggests that the autonomy and

structure of the state's higher education institutions and fiscal policy have been particularly influential.

Overall, the two elements of fiscal policy, the Lottery Success Scholarship Program and the appropriations process, appear to have encouraged greater affordability, choice, and opportunity for participation in public institutions. It is questionable whether state aid strategies have successfully expanded opportunity, choice, or participation for low-income populations, however.

The Lottery Success Scholarship Program and the appropriations process appear to have encouraged greater affordability, choice, and opportunity for participation in public institutions.

Fiscal policy in New Mexico also has a downside, even though from a broad perspective, it is favorable to higher education. The state devotes a large percentage of its tax resources to higher education compared to other states. Appropriations to higher education on a per student basis are also high. But Mortenson concludes that New Mexico gains little in participation from its extraordinary investment in higher education and recommends that the state shift resources away from institutional aid to student aid.[20] And the National Center for Higher Education Management Systems has documented that retention and completion rates are problematic, even though state budget levels devoted to higher education are generous.[21]

These indicators seem to suggest that although fiscal policy encourages and strengthens the existing institutional autonomy, higher education has not produced the outcomes one would expect. New Mexico has obtained reasonable results on access and participation, but case evidence suggests that the low preparation and completion results are at least partly attributable to the performance of New Mexico's higher education institutions. It may be that the combination of the existing system design, fiscal policies, and lack of state-level ability to influence higher education has produced a somewhat inefficient system that repels direct state signals.

Higher education administrators represented in our study spoke of a trade-off between access and completion. One president said he is increasingly hearing that his institution doesn't retain and graduate enough students, but that the most accessible institutions across the nation always have lower retention and graduation rates. Another president said his institution could simply raise admissions criteria if they wanted to increase graduation rates, but his university was committed to modest entrance requirements.

Accessibility may be causing some trade-off in completion, but it is unlikely that the poor or strong performance on any one outcome can be entirely attributed to any single factor. Perhaps the coming accountability legislation will be the vehicle by which higher education outcomes in New Mexico generate more interest and influence over policymaker action and institutional behavior. If indeed state-level officials are not satisfied with current higher education performance, then their involvement and activity

in higher education issues must increase beyond the current level, for it would be erroneous to simply point to institutions as the sole source of the problem.

Higher education in New Mexico, as in other states, displays strengths and weaknesses. The rules of the game (from fiscal policy to system design) as well as the general policy environment interact in a complex fashion to influence each other and all outcomes. The autonomy and structure of higher education in New Mexico has remained relatively unchanged over time, but fiscal policy as it pertains to student aid changed dramatically with the implementation of the state's lottery scholarship program in 1996. Accountability and increased calls for collaboration are emerging forces that demand attention as well. New Mexico has made modest efforts to shift the policy environment and rules toward greater use of market influences, but the combinations necessary for the market to have much impact on outcomes seem very distant from current reality.

Notes

[1] Since inception of the project, ten younger scholars have contributed to the research.

[2] National Center for Public Policy and Higher Education, *Measuring Up 2000: The State-by-State Report Card for Higher Education* (San Jose: National Center for Public Policy and Higher Education, 2000).

[3] New Mexico Commission on Higher Education, "The Role and Responsibilities of the New Mexico Commission on Higher Education," supplied as a Microsoft Word file, Santa Fe, 1999.

[4] S. G. Bowes, "New Mexico's 2-year Colleges: A diverse enterprise," *Community College Journal of Research and Practice* 21 (1997): pp. 103–119.

[5] National Center for Higher Education Management Systems, "An Assessment of the New Mexico Commission on Higher Education," submitted to New Mexico Commission on Higher Education, Boulder, 1999.

[6] New Mexico Commission on Higher Education, *The Condition of Higher Education in New Mexico* (Santa Fe: 1999), 25.

[7] Ibid.

[8] National Center for Public Policy and Higher Education, *Measuring Up 2000*, p. 14.

[9] National Center for Higher Education Management Systems, "Assessment of New Mexico Higher Education," submitted to New Mexico Commission on Higher Education, Boulder, 1999, p. 3.

[10] T. Mortenson, "The Paradox of Higher Education Opportunity in New Mexico," submitted to the New Mexico Legislative Finance Committee, Washington, D.C., 1999, p. 3.

[11] Western Interstate Commission for Higher Education, *Knocking at the College Door: Projections of High School Graduates by State and Race/Ethnicity 1996–2012* (Boulder: 1998).

[12] *The Chronicle of Higher Education*, Almanac Edition 48, no. 1 (August 31, 2000).

[13] Ibid.

[14] Mortenson, "Paradox."

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